

We have to provide the documents by October 13, 2000. Depending on the amount of reviewing, copying, and labeling that we need to do, we may need to have the documents by October 9 or October 10.

Action needed:

- Tell key people to take this seriously and cooperate with Legal during the next two weeks.

From: Richard B Sanders on 10/06/2000 09:16 AM CDT
To: Twanda Sweet/HOU/ECT@ECT, Steven J Kean/NA/Enron@Enron, James D Steffes/NA/Enron@Enron,
Richard Shapiro/NA/Enron@Enron, Mary Hain/HOU/ECT@ECT, Jeff Dasovich/NA/Enron@Enron
cc:
Subject: Revised Draft Proposal to CPUC

Please provide your comments asap

----- Forwarded by Richard B Sanders/HOU/ECT on 10/06/2000 09:11 AM -----

"Fergus, Gary S."
<GFergus@brobeck.c
om>

To: "Richard.B.Sanders@enron.com" <Richard.B.Sanders@enron.com>, "msmitt
"David_Aamodt@pgn.com" <David_Aamodt@pgn.com>, "MBD" <MDay@GM

cc:

10/05/2000 09:33 PM

Subject: Revised Draft Proposal to CPUC

PRIVILEGED AND CONFIDENTIAL
ATTORNEY CLIENT PRIVILEGE

DRAFT DRAFT DRAFT

Harvey Morris Esq.
California Public Utilities Commission
505 Public Utilities Commission
San Francisco, California 94102

Re: I.00-08-002 Subpoenas Served on Enron Power
Marketing, Inc. ("EPMI"), Enron Energy Services Inc. ("EES"), Enron Energy
Marketing Corporation ("EEMC"), Enron Energy Services Operations Inc. (EESO)
and Portland General Electric Corporation ("Portland General") (collectively
sometimes referred to as the "Enron Entities")

Harvey,

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Here are our proposals with respect to the Enron Entities' production of documents pursuant to the above described subpoenas issued by the California Public Utility Commission (hereinafter "the Commission"). The Enron Entities are willing to assist the Commission in undertaking its investigation into the problems in the California electric markets by producing a limited quantity of specified information on a timely basis. We believe that the limited production we propose will enable the Commission to commence its investigation much sooner than if the parties were forced to litigate all of the potential objections to the requests for production, which are, by any standard, extremely broad and could involve millions of pages of documents. We make these proposals pursuant to our email exchange of October 3, 2000 with the understanding that the Commission agrees that by cooperating, offering to produce or producing documents, the Enron Entities have not waived any objections or challenges to these subpoenas whatsoever and that any claims, defenses, objections, jurisdictional or otherwise or other responses have been specifically reserved and can be raised in the future, if necessary. For all of these proposals, we exclude documents that are protected from disclosure by the attorney client and attorney work product privileges.

[SUBJECT TO VERIFICATION: Generally speaking, the documents and information that the Commission seeks can be found, if they exist, within

EPMI, EES and Portland General. To the extent that EEMC or EESO are relevant to the Commission's investigation, any documents would be located within EES. Thus, we do not anticipate specific document productions from either EEMC or EESO.]

GENERAL DOCUMENTS

Requests 1 through 4

The Enron Entities have been very dynamic organizations having acquired, sold, divested, joint ventured, spun off and otherwise reorganized themselves extensively during the past two years. The burden and expense on Enron to locate, and produce every corporate organizational chart anywhere in its organization since April 1, 1998 is significant. The Enron entities will provide the Commission with exemplars of its current organizational charts, telephone directories and so called "family trees" to show its current organization. To the extent that Enron can readily identify and locate exemplars of significant organizational charts, telephone directories or so called "family trees" for earlier periods it will also make those available. One Enron Entity, Portland General, has published books on its corporate history. If a list of those books would be helpful, we can provide it. With respect to the other entities, to the extent that corporate histories can be found, they will be produced. We anticipate producing these documents in the first wave on October 13, 2000.

Requests 5 and 6

The Enron Entities propose that their responses to Requests 1-4 will identify their relationship to affiliated companies and the Transaction Documents will identify its customers and suppliers.

provide the contracts but don't promise

FINANCIAL DOCUMENTS

Requests 7 through 11

The Enron Entities will produce their public filings for the period requested with respect to financial data. EPMI, EES, and Portland General will provide to the Commission electronic Transaction Documents for the purchase and sale of energy delivered which includes economic data. It is intended that this economic data will provide the Commission with financial information regarding the Enron Entities which will be useful to its investigation. We anticipate producing public filings regarding financial data on October 13, 2000 and the electronic Transaction Documents in the second wave of document productions.

GENERATING DOCUMENTS

Requests 12, 14 and 18

For the Enron Entities other than Portland General, the generation facilities are limited in number and there will probably be limited documents available. The Enron Entities to the extent they act as a scheduling coordinator or possessed the right to use or resell generation output, do not have the specific documents that pertain to each generation unit requested. The Enron Entities, other than Portland General, do have documents and information for Enron Wind, (Saguaro and Las Vegas Cogeneration. We propose to produce these documents in the second wave of document productions.

For Portland General, the production of the requested documents would involve a tremendous volume of documents, as Portland General owned twenty generating facilities of a variety of types and sizes during 2000. Portland General is a net importer of energy and can only generate about one half of its total energy demand. As a result, we question whether the effort required of Portland General is warranted as its impact on the California wholesale market is necessarily limited. In addition, those transactions which do involve Portland General sales into California are limited to sales to the ISO and PX, and long term contracts with two small

California municipal utilities. Thus, the Commission will receive the essential transactional information regarding these sales from the ISO and PX. Nevertheless, Portland General proposes to provide for year 2000 electronic Transaction Documents in summary form similar to the data being provided by other Enron Entities, to the extent relevant. [We propose that the Commission defer requesting production of other information until it has reviewed the information of generators who sell a significant proportion of their energy into the California market. At that time a more accurate assessment can be made of whether this enormous effort will be valuable given the limited impact of Portland General generation on the California wholesale market.]

[Alternate ending to paragraph: We propose for the voluminous Portland General generating cost and maintenance data, that these documents be made available in Portland for inspection from a representative sampling of facilities. If there are specific documents that the Commission would like copied from that production, we can discuss the arrangements for producing these documents. We propose to make these documents available in Portland in a third wave of document productions]

TRANSACTION DOCUMENTS

Requests 13, 15, 16, 17 and 19

limited to PX & ISO

We understand that the Commission will be obtaining trading data for the purchase and sale of energy delivered in California from the ISO and PX. EPMI can provide the Commission several different sets of transaction data for year 2000 (in California and outside of California and Real Time) for the purchase and sale of energy delivered with the date, counterparty, quantity, delivery point, hours, price, and whether it is a purchase or a sale. Because of the speed with which you want this information, it is possible that some entries will be incomplete or inaccurate. For those transactions where EPMI served only as the scheduling coordinator, we understand that the ISO will show part of the transaction, but there will not be a corresponding transaction in the EPMI data we can provide quickly. The reason is that this type of transaction is passed through to EPMI's customer on an accounting system rather than as part of the trading business. EES is a retail provider of electricity, and plays a far more limited role in the wholesale markets which are the subject of the Commission investigation. However, EES can also provide similar electronic Transaction Data with the proviso that it will not include the specific names of its retail customers but instead will provide a blind customer number. This additional restriction is important to EES because many of EES's customers have agreements whereby they must be notified of any subpoena and provided an opportunity to object. EES cannot meet your time frame to release information and give its customers the notice they require. Given that EES was a retail provider and the fact that the identity of retail customers is of little or no relevance to the functioning of the wholesale market, we do not believe protecting the identity of retail customers is an unreasonable limitation or narrowing of the request. We anticipate producing the transaction data in the second wave of document productions.

FERC DOCUMENTS

Request 20

The Enron Entities will produce the requests for data they received from FERC and to the extent that FERC has been given responses, copies of those responses. We anticipate producing the FERC documents on October 13, 2000.

Based upon discussions that we have had with the various Enron Entities, we believe that we could make a second wave of productions on Friday October 27, 2000. It is possible that not all Enron Entities could

make that date but we believe the bulk of the data could be available for production by then.

We propose to make these productions with the understanding that if any entity obtains a more stringent protective order than the one currently in place, that all of the Enron Entities document productions will be protected by the most stringent protective order. In addition, if, at the request of any party or nonparty to this proceeding, the Commission or a court of competent jurisdiction orders that the requests for production be limited, reduced or eliminated, the Enron Entities reserve the right to limit the production of documents in conformance with such order.

We understand that you will consider these proposals and let us know if they are acceptable to the Commission. If you have any questions or comments about our proposal, please do not hesitate to contact Michael Day or myself.

Brobeck Phleger & Harrison LLP

Gary Fergus

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